



Health Services
LOS ANGELES COUNTY

May 8, 2007

Los Angeles County
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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn of Administration
500 West Temple
Los Angeles, California 90012

**APPROVAL OF FIVE AMENDMENTS FOR MAGNETIC RESONANCE
IMAGING SERVICES WITH INSIGHT HEALTH CORP.**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize and instruct the Director of Health Services, or his designee, to sign five amendments (Exhibits I through V) with Insight Health Corp. (Insight) for the continued provision of magnetic resonance imaging (MRI) services at Harbor-UCLA (Harbor), LAC+USC (LAC+USC), and Olive View-UCLA (OVMC) Medical Centers, Martin Luther King, Jr.-Harbor Hospital (MLK-Harbor), and Rancho Los Amigos National Rehabilitation Center (Rancho), to extend the contract terms on a month-to-month basis, effective July 1, 2007 through March 31, 2008, at a total cost of \$10,647,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Director of Health Services, or his designee, to sign five amendments for the continued provision of MRI patient care services at Harbor, MLK-Harbor, LAC+USC, OVMC and Rancho while the Department of Health Services (DHS or Department) completes the Request for Information (RFI) competitive selection process.

FISCAL IMPACT/FINANCING:

The estimated total maximum County obligation for the five Amendments is \$10,647,000, consisting of \$3,600,000 for Contract No. 58260 (Harbor), \$900,000 for Contract No. H-203002 (MLK-Harbor), \$4,500,000 for Contract No. 58266 (LAC+USC), \$992,250 for Contract No. H-203001 (OVMC) and \$654,750 for Contract No. H200969 (Rancho), effective July 1, 2007 through March 31, 2008.

Funding for these amendments is included in the Department's Fiscal Year 2007-08 Proposed Budget.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS:

For 20 years, Insight as a sole source provider has provided the MRI services at Harbor, MLK-Harbor, OVMC, Rancho, and LAC+USC. Insight has provided the construction of the modular buildings and space at each of the facilities, equipment installation and maintenance, and overall management of day-to-day MRI operations.

On August 17, 2004, the Board approved an amendment to extend the termination date of LAC+USC to June 30, 2009, and the addition of emergency MRI coverage for after normal business hours. Subsequently, the Department determined that the termination date for LAC+USC should be aligned with the other four agreements.

On May 10, 2005, the Board approved amendments for Harbor, MLK-Harbor, OVMC and Rancho to extend the expiration date to June 30, 2006, to allow the Department additional time to complete the RFI for MRI services.

On June 13, 2006, the Board approved the amendments for MRI services at Harbor, MLK-Harbor, OVMC and Rancho to extend the term of the agreements through June 30, 2007, and revised the Billing and Payment schedule, to lower the procedure rates for MRI scans.

All of the Amendments, including LAC+USC, will be effective July 1, 2007 through March 31, 2008 on a month-to-month basis and include a provision to terminate without cause with a 30-day written notice from the County. LAC+USC's contract term is being extended since the Replacement Hospital, where MRI services will be provided in-house, is not yet scheduled for occupancy. The Department is extending the current agreements to provide a continuum of patient services without disruption or a gap in service.

Attachment A provides additional information. County Counsel has approved Exhibits I, II, III, IV and V as to use and form.

CONTRACTING PROCESS:

The Department released a RFI on December 1, 2006, to select a contractor to provide MRI services at four facilities with enhanced technology scanners, the construction or remodel of modular buildings and clinical operations at each facility. Two proposals were submitted to the Department in response to the RFI. The Department is in the evaluation phase and will start negotiations with the recommended contractor in early May 2007. The current agreements with Insight will expire on June 30, 2007, and the Department will require continued MRI services with Insight to meet the patient care needs, pending completion of the solicitation process.

LAC+USC is not part of the RFI because the facility will be providing its own MRI services within the new medical center.

The Department is finalizing the solicitation process. Contract negotiations will commence after the selection process is completed.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the amendments will ensure that all necessary MRI diagnostic and therapeutic services are provided with continuity of care to County patients.

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When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Chernof", written over the printed name.

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:kke
Insight 5 amendments.KE.wpd

Attachments (6)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT
(Magnetic Resonance Imaging)

1. **TYPE OF SERVICE:**

Insight Health Corp. will provide magnetic resonance imaging services at Harbor-UCLA, LAC+USC, and Olive View-UCLA Medical Centers, Martin Luther King, Jr.-Harbor Hospital, and Rancho Los Amigos National Rehabilitation Center.

2. **AGENCY ADDRESS AND CONTACT PERSON:**

Suzanne Martin
Insight Health Corp.
262 Enterprise Court, Suite 100
Lake Forest, CA 92630
Telephone: 949-282-6153
smartin@insighthealth.com

3. **TERM OF AGREEMENT:**

Effective on July 1, 2007 through March 31, 2008.

4. **FINANCIAL INFORMATION:**

The total estimated maximum County obligation of the proposed Amendment is \$10,647,000, effective July 1, 2007 through March 31, 2008.

5. **GEOGRAPHIC AREA TO BE SERVED:**

All Districts

6. **ACCOUNTABLE FOR MONITORING:**

7. **APPROVALS**

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|--|------------------------------------|
| Harbor-UCLA Medical Center & Martin Luther King, Jr.-Harbor Hospital: | Miguel Ortiz-Marroquin, Acting CEO |
| Rancho Los Amigos National Rehabilitation Center: | Jorge Orozco, Acting CEO |
| Olive View-UCLA Medical Center | Gretchen McGinley, Acting CEO |
| LAC+USC Medical Center | Pete Delgado, CEO |
| Contracts and Grants: | Cara O'Neill |
| County Counsel (approval as to use): | Christina Salseda, Senior Deputy |